



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 9/4/2002

GAIN Report #HU2009

## **Hungary**

### **Grain and Feed**

### **Crop Update**

**2002**

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**Report Highlights:** After record export sales last year, a mild drought hit grain production and reduced Hungary's wheat and corn export forecasts for the 2002/2003 marketing year. Hungarian wheat and corn are increasingly being exported to nearby countries, especially the EU, which has established duty free access for Hungarian corn and wheat. A strong local currency may hurt exports in the short term. Grain imports are marginal.

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Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Vienna [AU1], HU

**Production**

The 2002 barley area and crop were lower than forecast. Drought hit spring barley particularly hard (see renewed PSD tables attached)

Wheat also suffered from low precipitation. The total new crop is estimated to be 3.9-4.0 MT from an area of 1.1 million hectares. The quality of the crop is excellent.

Corn was negatively affected by the dry spring-early summer as well. Abundant rainfall from early August increased yield expectations, but it came late and the overall crop will be modest. Harvest time losses (depending on the October-November weather ) may also influence the crop.

**Trade**

The 2002 grain harvest will cover domestic demand, but exportable surpluses of barley, wheat and corn will definitely be lower than last year.

The EU recently approved duty free access for up to 450,000 MT of corn and 600,000 MT of wheat from Hungary. The access was made retroactive for sales after July 1. These tariff rate quotas have long been public knowledge but final approval had been delayed. Hungary is clearly becoming more and more dependent on EU markets.

Barley trade (generally a few tens of thousands of tons) will be balanced and is usually a regional 'quality swapping' issue.

Hungary had a record grain crop in the 2001/2002 crop year and exports last year, about 4.3 million metric tons (MT), were also at record levels. The estimated 1 million tons of wheat available for export this marketing year will mostly be sold in neighboring countries and EU (especially northern Italy and Germany).

**Government Support**

Wheat millers and animal breeders receive government support for storage costs. This tends to push up post harvest domestic prices a bit. The government is also paying direct export subsidies of HUF 1,500/MT (about US \$6) for up to 400,000 MT wheat exported to the non-EU destinations. The trade value of this support will be marginal because the time frame for delivery (August 15 - September 15) is short and the support level is relatively low.

Corn farmers will also store grain in the hope of higher post harvest price increases (December - February). Animal numbers, particularly poultry and swine, are stagnant and feed demand will not increase over last year's level. The 1 million MT exportable corn surplus will also likely be sold regionally.

## Currency

A current problem for Hungary's exporters is high value of the Hungarian currency (the Forint) to the Euro and other currencies in the region.

## Seed Corn Trade Remains Strong

Hungary will import the usual volume of corn planting seed (parent lines for hybrid multiplication), and some barley in 2002/2003.

### PSD Table for Wheat

| PSD Table              |         |         |             |         |           |           |
|------------------------|---------|---------|-------------|---------|-----------|-----------|
| Country                | Hungary |         |             |         |           |           |
| Commodity              | Wheat   |         |             |         | (1000 HA) | (1000 MT) |
|                        | Revised | 2000    | Preliminary | 2001    | Forecast  | 2002      |
|                        | Old     | New     | Old         | New     | Old       | New       |
| Market Year Begin      |         | 01/2001 |             | 01/2002 |           | 01/2003   |
| Area Harvested         | 1040    | 1040    | 1200        | 1200    | 0         | 1100      |
| Beginning Stocks       | 300     | 243     | 500         | 392     | 900       | 568       |
| Production             | 3600    | 3692    | 5200        | 5176    | 0         | 3900      |
| TOTAL Mkt. Yr. Imports | 200     | 0       | 100         | 0       | 0         | 0         |
| Jul-Jun Imports        | 200     | 0       | 100         | 0       | 0         | 0         |
| Jul-Jun Import U.S.    | 0       | 0       | 0           | 0       | 0         | 0         |
| TOTAL SUPPLY           | 4100    | 3935    | 5800        | 5568    | 900       | 4468      |
| TOTAL Mkt. Yr. Exports | 988     | 600     | 2000        | 2000    | 0         | 1100      |
| Jul-Jun Exports        | 988     | 600     | 2000        | 2000    | 0         | 1100      |
| Feed Dom. Consumption  | 900     | 700     | 1200        | 1100    | 0         | 1000      |
| TOTAL Dom. Consumption | 2612    | 2943    | 2900        | 3000    | 0         | 2918      |
| Ending Stocks          | 500     | 392     | 900         | 568     | 0         | 450       |
| TOTAL DISTRIBUTION     | 4100    | 3935    | 5800        | 5568    | 0         | 4468      |

PSD Table for Corn

| PSD Table              |         |         |             |         |           |           |
|------------------------|---------|---------|-------------|---------|-----------|-----------|
| Country                | Hungary |         |             |         |           |           |
| Commodity              | Corn    |         |             |         | (1000 HA) | (1000 MT) |
|                        | Revised | 2000    | Preliminary | 2001    | Forecast  | 2002      |
|                        | Old     | New     | Old         | New     | Old       | New       |
| Market Year Begin      |         | 10/2000 |             | 10/2001 |           | 10/2002   |
| Area Harvested         | 1120    | 1190    | 1200        | 1300    | 0         | 1150      |
| Beginning Stocks       | 450     | 210     | 96          | 215     | 196       | 519       |
| Production             | 5000    | 5000    | 7300        | 7600    | 0         | 6000      |
| TOTAL Mkt. Yr. Imports | 11      | 5       | 0           | 4       | 0         | 5         |
| Oct-Sep Imports        | 11      | 5       | 0           | 4       | 0         | 5         |
| Oct-Sep Import U.S.    | 0       | 0       | 0           | 0       | 0         | 0         |
| TOTAL SUPPLY           | 5461    | 5215    | 7396        | 7819    | 196       | 6524      |
| TOTAL Mkt. Yr. Exports | 730     | 400     | 2500        | 2500    | 0         | 1000      |
| Oct-Sep Exports        | 730     | 400     | 2500        | 2500    | 0         | 1000      |
| Feed Dom. Consumption  | 4035    | 4100    | 4100        | 4200    | 0         | 4200      |
| TOTAL Dom. Consumption | 4635    | 4600    | 4700        | 4800    | 0         | 4924      |
| Ending Stocks          | 96      | 215     | 196         | 519     | 0         | 600       |
| TOTAL DISTRIBUTION     | 5461    | 5215    | 7396        | 7819    | 0         | 6524      |

## PSD Table for Barley

| PSD Table              |         |         |             |         |           |           |
|------------------------|---------|---------|-------------|---------|-----------|-----------|
| Country                | Hungary |         |             |         |           |           |
| Commodity              | Barley  |         |             |         | (1000 HA) | (1000 MT) |
|                        | Revised | 2000    | Preliminary | 2001    | Forecast  | 2002      |
|                        | Old     | New     | Old         | New     | Old       | New       |
| Market Year Begin      |         | 07/2000 |             | 07/2001 |           | 07/2002   |
| Area Harvested         | 338     | 325     | 370         | 368     | 0         | 384       |
| Beginning Stocks       | 100     | 52      | 128         | 70      | 278       | 100       |
| Production             | 927     | 900     | 1300        | 1300    | 0         | 1100      |
| TOTAL Mkt. Yr. Imports | 66      | 61      | 50          | 50      | 0         | 40        |
| Oct-Sep Imports        | 63      | 61      | 50          | 50      | 0         | 40        |
| Oct-Sep Import U.S.    | 0       | 0       | 0           | 0       | 0         | 0         |
| TOTAL SUPPLY           | 1093    | 1013    | 1478        | 1420    | 278       | 1240      |
| TOTAL Mkt. Yr. Exports | 65      | 80      | 150         | 120     | 0         | 80        |
| Oct-Sep Exports        | 98      | 80      | 100         | 120     | 0         | 100       |
| Feed Dom. Consumption  | 550     | 750     | 750         | 940     | 0         | 850       |
| TOTAL Dom. Consumption | 900     | 863     | 1050        | 1200    | 0         | 1060      |
| Ending Stocks          | 128     | 70      | 278         | 100     | 0         | 100       |
| TOTAL DISTRIBUTION     | 1093    | 1013    | 1478        | 1420    | 0         | 1240      |